

ILL #68405643



Trans. # 1230405



Processed: 08/27/10

SPEC
Socialism 17900 LAB

Title: Capitalism, socialism, and democracy

Author:

Date: Edition:

Lender String *EYM,EYM,KZB,KZB

41bs.

Notes:

photocopy OK

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SD Papers: 1

Capitalism, Socialism, and Democracy

by
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Reprinted by
Social Democrats, USA
275 Seventh Avenue
New York, N.Y. 10001
(212) 255-1390

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Impr. 1957
Soc. D. 2.
4-55

Capitalism, Socialism, and Democracy

A Symposium

Earlier this year, the editors of COMMENTARY addressed the following statement and questions to a group of intellectuals of varying political views:

THE idea that there may be an inescapable connection between capitalism and democracy has recently begun to seem plausible to a number of intellectuals who would once have regarded such a view not only as wrong but even as politically dangerous. So too with the idea that there may be something intrinsic to socialism which exposes it ineluctably to the "totalitarian temptation." Thus far, the growing influence of these ideas has been especially marked in Europe—for example, among the so-called "new philosophers" in France and in the work of Paul Johnson and others in England—but they seem to be receiving more and more sympathetic attention in the United States as well.

How significant do you judge this development to be? Do you yourself share in it, either fully or even to the extent of feeling impelled to rethink your own ideas about capitalism and socialism and the relation of each to democracy?

Appearing in this pamphlet are the responses by members of Social Democrats, USA.

Social Democrats, USA, wishes to thank the International Ladies' Garment Workers Union for its kind assistance in making possible the publication of this pamphlet.

Sidney Hook: The questions asked about socialism, capitalism, and freedom were widely discussed long before the socialist dream of a community in which all are "free and equal" was transformed into a totalitarian nightmare in the Soviet Union and its satellites. But these questions became especially acute for those among the intellectual classes who had been drawn to socialism not so much because it seemed a feasible means of abolishing poverty as because of its promise to liberate human energies and expand freedom.

The logic of the arguments was explored in depth in my second series of debates with Max Eastman almost thirty-five years ago after he had been converted by Friedrich von Hayek to ardent support of an unregulated free-enterprise system.* I was struck at that time by an odd feature of the discussion that has often reappeared in subsequent exchanges on the theme. Staunch critics of Marxism, in their effort to show that socialism necessarily spells the end of political and cultural freedom, seem to rely on the central dogma of orthodox Marxism, namely, the theory of historical materialism. The orthodox Marxists maintain that the mode of economic production determines the dominant character of the culture of capitalist society, as of all class societies, and that its politics, education, art, philosophy, and religion "reflect" the basic economic structure. The critics of Marxism contend that the mode of economic production would be no less decisive in determining the culture of a socialist society, but that its socialized economy, far from providing the sound basis for a leap from the kingdom of necessity into the kingdom of freedom, would inescapably destroy the political and cultural freedoms that were ushered into the world in the wake of capitalism.

Both views suffer from the simplicities and inadequacies of every historical monism. The economy of a society excludes certain options and always limits alternatives of action, just as the foundation of a building excludes certain types of superstructure. But on the same foundation one can erect either a prison or a luxurious retirement home. And no knowledge of the foundation alone will enable us to predict the precise number of stories that will be built on it, the materials and style of its construction, its interior decorative design, and a multiplicity of other important details.

The influence of economic organization on human ideas, ideals, and behaviors is a matter of degree, and its strength varies from time to time. Whatever may have been the case in the past, in our own era, since the end of World War I, the mode of political decision seems to me to have had at least as much influence on our culture as the mode of economic production. This is not a matter that can be established by conceptual analysis but by empirical, social, and historical inquiry.

THOSE who contend that any significant intervention of the state in economic affairs either by way of ownership or control ineluctably leads to political tyranny and cultural despotism must meet some obvious difficulties:

1. Capitalism as an economic order has functioned under political systems that have had varied character, either more or less democratic or authoritarian, and even in some countries like Italy, Japan, and Germany that abandoned democratic political forms entirely. If the economic system of capitalism did not uniquely determine the political and cultural institution of the societies in which it functioned, why should we assume that a regulated or socialized economy, regardless of the degree and extent of the regulation or socialization, *must* sooner or later result in totalitarianism?

2. Granted that every completely or predominantly socialized economy today is characterized by a despotism more pervasive and oppressive than any that existed in the past. Nonetheless, the historical record is clear and incontestable: in every such case, political democracy was destroyed *before* the economy was socialized. There is not a single democratic country where the public sector of the economy has grown substantially over the years, either through socialization or through governmental controls and subsidies (whether it be England, Sweden, Norway, Holland, or the U.S.), in which the dire predictions concerning the extinction or even the radical restrictions of democratic freedoms have been realized.

3. Compare the economies of the United States and Great Britain and the state of their political and cultural life as they were at the turn of the 20th century, and as they are today. In the past, their economies, although not completely free because of the tariff system, were certainly far freer from state intervention or control than they are at present. Yet with respect to freedom of expression in politics and all fields of art, freedom of "life styles," openness to heresies within the academy and without, tolerance of dissent, acceptance of unconventional sexual behavior, current practices are so free that in some areas they border on license, as in the violent disruption of public debate. The increasing state control of the economy in democratic countries has not resulted in the progressive diminution of freedoms in political and cultural life.

4. Compare the American economy during and shortly after World Wars I and II. In World War I, business was conducted almost as usual, with very little state control over the economy. During this same period, however, we experienced the worst political terror in American history. During

* The exchange is reproduced in my *Political Power and Personal Freedom* (Macmillan, 1959). The first series, in the late 1920's and early 1930's, was about the meaning of Marx.

World War II, the government practically took over the control of the American economy with price controls and rationing. Yet the political climate was such that representatives of both the Socialist and Socialist Labor parties—neither of which supported the war—were permitted to address the armed forces. The one great lapse was the cruel and needless internment of the Japanese population in California, engineered by the then Governor, Earl Warren. What made the difference? In part the nature of the enemy we were combating, but even more, an awareness of the excesses of World War I and a desire to avoid them. The only call for the arrest of Norman Thomas, who defended the right to strike in war industries, came from the leaders of the Communist party.

THIS is not to deny in the least the profound ways in which the economic relations of any society influence its political institutions and behavior, but the latter can, as the emergence of the welfare state itself shows, have a far-reaching reciprocal influence on the development of the economy and the redistribution of wealth within it. It is significant that in none of the welfare states has government control of the economy—regardless of the wisdom and feasibility of the regulatory measures—prevented the electorate from voting the governing political party out of power. Here and there extra-parliamentary efforts have been made to throttle the political opposition, but they have been no more frequent than comparable episodes when the economy was unregulated, and they have rarely succeeded when courageously resisted.

In the United States, the bureaucratic usurpation of academic functions by the Department of Health, Education, and Welfare (HEW) through the imposition of a disguised quota system, under penalty of forfeiting all federal subsidies, has sometimes been cited as evidence of the erosion of traditional freedoms in consequence of economic intervention by the state. It is more persuasive evidence of the absence of moral courage on the part of our major universities. Had they made a *concerted* effort to defy the HEW guidelines and taken their case to Congress and the courts, since the defense capacity of the nation depended on them, they could have stopped the bureaucrats of HEW in their tracks. Sometimes it may be economically costly to defy a government decree, even if it is legally mandated by Congress and the courts. But fidelity to the academic mission of the university may require it. Those who cite this unhappy chapter in recent academic history as evidence that encroachment on basic freedoms must necessarily follow on government grants, would interpret even graver capitulations to the power of capital in an unregulated economy not as a violation of basic human rights but as a deplorable weakness of moral fiber. Unpopularity and even genteel poverty may be the costs of defending free-

dom against bureaucrats in a democratic welfare state, but such defense does not require the courage of a Sakharov or a Bukovsky.

Nonetheless, in the light of historical experience—which only a fanatic or a fool can ignore—we must recast the idea of socialism, whatever the terms used to designate the revision. The emphasis must be placed not so much on the *legal form* of property relations but on the moral ideals of democracy as a way of life, conceived as an equality of concern for all citizens of the community to develop themselves as persons to their full growth. The economy should be considered a means to that end. As far as the quality of human life is concerned, this approach is more radical than mere measures of nationalization in which, in the absence of free trade unions, workers can be exploited more than in the private sector of democratic welfare states.

If we do not place too great a stress on efficiency, I believe that it is still *formally* possible to provide for freedom of choice in occupations and in consumption even in an economy whose major industries have been collectivized. But the totalitarian potential in such a setup makes it too dangerous. The loss of political freedom would transform the economy into a most powerful engine of human repression. Therefore, in the interests of freedom, it is wiser and safer to limit carefully the extent of socialization, relying on some regulated industries, considerable private enterprise, public corporations, cooperatives, increased worker participation in the operation of plants as well as in the directing boards of large corporations, and other means of multiplying centers of economic power.

It is significant that although in some fascist nations political democracy has been restored without civil war, not a single country in which Communists have seized power has been permitted to revert to democracy. The absolute control of the economy by the Communist party has enabled it to reinforce a kind of terror beyond anything previously known in human history, and to use the bread-card and the work-card to enforce conformity.

An additional reason for preserving a private sector is that it can help provide greater incentives to productivity and innovation without which a minimum decent standard of living cannot be sustained—a standard below which human beings should not be permitted to sink in a civilized society, and which could be raised with technological advances. It is significant how little technological and industrial innovation exists in current collectivist societies whose economies from the very outset borrowed, bought, or stole the techniques, know-how, and discoveries of the free Western economies.

IF WE declare that “we put freedom first,” is it more likely to be furthered in the world today by a return to an uncontrolled free-enterprise econo-

my than by the judicious development of the democratic welfare state pruned of its bureaucratic excrescences? By freedom here I do not mean the right to do anything one pleases, which would result in a Hobbesian war of all against all, but the strategic freedoms of speech, press, assembly, independent trade unions and judiciary, and the cluster of rights associated with democracy in its widest sense. Although they are interrelated, there is an order of priority in freedoms to guide us when they conflict. All but anarchists understand that since every freedom logically entails the curtailment of an opposite freedom—if I am to be free to speak, others are not free to prevent me from speaking—the state must exist to enforce the exercise of these civic and political freedoms. Any other functions we entrust to it must be limited by the scrupulous adherence to the strategic freedoms. In a democracy, the state should be considered as a protector of human rights, not its necessary enemy.

Some who say that they put freedom first mean primarily the freedom to buy and sell, which is tantamount to putting profit first. The capitalist *pur sang* is not out of character when he does this. But it is to be hoped that in the defense of the democratic world against the totalitarian assault, the capitalist will be a little less pure, giving political freedom priority. However, when we see the eagerness with which certain groups of financiers, industrialists, and farmers fall all over themselves to expand trade with Communist countries and contrast it with the consistent and principled struggle of the organized American labor movement, the AFL-CIO, against the denial of human rights anywhere in the world, we encounter a different order of priorities. The fact that it was George Meany who gave a public platform to Solzhenitsyn and Bukovsky and not Ford or Carter is of more than symbolic significance in the global struggle for human freedom.

SIDNEY HOOK has written many books on philosophy and politics, including The Hero in History; From Hegel to Marx; Revolution, Reform, and Social Justice; and Pragmatism and the Tragic Sense of Life. He is emeritus professor of philosophy, New York University, and is currently Senior Research Fellow at the Hoover Institution at Stanford.

Bayard Rustin: The reasons for the re-emergence of the debate about the relationship among socialism, capitalism, and freedom are somewhat mysterious, but the debate clearly exists as a serious intellectual phenomenon. For certain purposes, one can even identify a new anti-socialist school of thought, though its adherents have diverse beliefs, ranging from semi-anarchism to liberalism, from conservatism to

religious mysticism.

The new anti-socialism shows every sign of becoming a counter-dogma, an ersatz faith every bit as rigid and extreme as the stereotyped version of socialism it criticizes. As such, it trivializes important and complex issues by reducing them to an abstract and one-dimensional framework that misleads by presenting deceptive and unrealistic alternatives. The new anti-socialism may well evolve into a positive social philosophy, but it also could become little more than a vehicle for a broader cynicism about democracy, the possibilities of reform, and the ideals of equality and social justice. Rather than illuminating the issues between totalitarianism and democracy or clarifying the challenges facing democratic societies, this current of thought may turn out to be a dogma that obscures the problem of how to strive for the general goals of the community consciously and freely, in the most rational way possible.

A serious barrier to evaluating the judgments that socialism contains a totalitarian flaw and that capitalism and democracy are inherently connected is the great variety of socialisms or, more accurately, the numerous and diverse movements and philosophies which claim the label. Unless we agree on which socialism is being discussed, we will have no prospect of determining the validity of these anti-socialist and pro-capitalist propositions. For me, socialism has meaning only if it is democratic. Of the many claimants to socialism only one has a valid title—that socialism which views democracy as valuable *per se*, which stands for democracy unequivocally, and which continually modifies socialist ideas and programs in the light of democratic experience. This is the socialism of the labor, social-democratic, and socialist parties of Western Europe. To emphasize that socialism is democratic by conviction and not from mere expediency, I find it helpful to identify this philosophy as social democracy. This has the virtue of stressing that socialism or social democracy is a variant of democracy while simultaneously rejecting the false notion that democratic socialism is only one among many socialisms.

In their more charitable moods, some critics of socialism recognize the democratic character of social democracy, but suggest that there is an incompatibility, a contradiction between that movement's socialist ideas and its democratic practice that either renders its avowed socialism mere decoration or makes its democratic credentials ultimately suspect. Although this argument is sometimes developed with a certain subtlety and sophistication, at bottom it takes the form of a crude economic determinism. There is no question that a *totally* collectivized and centrally planned economy contains the seeds of totalitarian domination. Conservatives and liberals are not alone in recognizing this danger. Contemporary socialists acknowledge this risk, in both their governmental actions and in their programs. This

danger, however, cannot form the basis for economic policy or the substance of a responsible social philosophy.

THE other argument, that there is an inescapable connection between capitalism and democracy, often begins more as a rejection of totalitarianism than as a positive endorsement of capitalism. There is, however, a decided tendency for this line of thought to become little more than an apology for the status quo, an idealization of capitalism, sometimes even in its most destructive manifestations. Historically, the relationship between capitalism and democracy has been indirect, uneasy, and uncertain. It is often forgotten that political terror can be systematic under free enterprise. Capitalism, unless counteracted by other forces, restricts and stifles democracy. There is ample reason to be skeptical of the frequent assertions, whether explicit or implicit, that only the existing structure of capitalism is compatible with democracy. Socialism's critics claim that social reforms of the welfare-state type are the road to serfdom, a charge that is demonstrably untrue. Far from diminishing human freedoms, greater public intervention in the economy, the expansion of social legislation, and the introduction of significant redistributive programs have very often enhanced them. By alleviating deprivation and increasingly replacing hardship and uncertainty with security and opportunity, the welfare state helped democracy flourish. It is no accident that democracy is most secure, and extremist groups weakest, in the welfare societies.

Nonetheless, it must be admitted that the pro-capitalist argument does contain an important kernel of truth. It cannot be dismissed as an ideological smokescreen, for it is possible to hold that there is an important relationship between capitalism and democracy while at the same time being critical of corporate power, the existing distribution of wealth and income, and other features of capitalist societies. What would seem to be crucial to the existence of democracy is not that there be a system that would conventionally be identified as capitalist, but that there be a diversity of institutions, widely distributed economic and political power, and a democratic spirit anchored by constitutional and institutional guarantees of political and associational freedoms.

The fears and concerns which have led some to reject socialism and embrace capitalism are genuine, but they are not uniquely related to socialism. Rather, the problems and tendencies which those fears reflect seem almost inherent in the nature of modern industrialized societies. There are, to cite only one aspect of this problem, powerful pressures moving these systems in the direction of greater public control. Negatively, the task is to prevent democratic society from being engulfed by the concentration of undue, arbitrary, and socially irresponsible power. The possibility of a mutually enlightening dialogue among all who recognize

this problem—conservatives, liberals, and socialists—exists and should be encouraged. Within this dialogue, however, the perspective of social democracy differs from that of conservatives and some liberals in taking a broader, and, I believe, more accurate, view of the need to make power responsible. It locates the danger of concentrated and unanswerable power as existing both in the hands of the state bureaucracy and in the hands of industrial ownership and management. Given this opposition to excessive governmental power, the social-democratic conviction, shared by many liberals, that the expansion of freedom and the achievement of a fuller democracy require economic decisions to be subjected to greater public control does tend to present a dilemma. This dilemma, however, is not irresolvable. It does not necessitate the abandonment of socialist ideas and ideals, but their modification and further development. Practically, this entails, among other things, an opposition to governmental intervention that is obtrusive or meddlesome and to policies which are socially or economically inefficient or counterproductive. It is a recognition that not only is the welfare state an instrument of social control, but an institution that must itself be socially and democratically controlled.

SOCIALISM cannot be reduced to an economic formula, a structure of ownership. It must be viewed in social, political, and ethical as well as in economic terms. Social democracy is a pragmatic faith rooted in the aspirations and needs of working people. It is idealistic but not messianic. In the most meaningful sense, social democracy is a continuation and further development of liberal values. This is sometimes overlooked in the United States, where for complex historical and sociological reasons we lack an explicitly social-democratic mass movement. Nonetheless, in this country, as in Europe, social democracy has fully incorporated liberal aspirations: the liberation of repressed groups, individual autonomy, intellectual freedom, tolerance of dissent, and self-government through representative institutions. Not only do liberals and social democrats frequently find themselves working side by side on the tasks of immediate social reform, but there is also broad agreement about what constitutes a good society and how to achieve it.

The complex relationship between social democracy and contemporary capitalism undoubtedly confuses many of its critics. Social democracy is assailed from the Left as a junior partner in the capitalist system, and from the Right as anti-capitalist. There is an element of truth in both views. The current program of social democracy is far less concerned with abolishing capitalism than with initiating a process of reform that will transform its injustices and inequities. This distinction is crucial and should be recognized by all democrats, regardless of their attitudes toward socialism. As it strives to transform society,

social democracy seeks to preserve and broaden the two great positive features of liberal capitalism: political freedoms and the capacity to produce. Thus social democracy is neither pro-capitalist nor, for the present, rigidly anti-capitalist. Indeed, social democracy (and in the United States, a roughly analogous coalition of labor, liberals, and minorities) has already greatly transformed capitalism. Social democracy adopts a flexible approach to institutional arrangements and social reforms; it has no unalterable blueprint to impose on society. Every social-democratic proposal is motivated and tested by its probable consequences for the democratic life of the community. Social democracy is more a method of social change than a definition of what society should look like.

Within the industrialized democracies, the political decisions of the future will largely be over how to make the mixed economy work. Political debate, if it is to be productive, will be framed in terms of the proper synthesis of freedom and control, individualism and collectivism, planning and the market, rather than on the choice between pure systems. The fundamental division between Left and Right will continue to be, as it has always been, a division over the distribution of wealth, power, and class status.

The value and promise of social democracy, the political philosophy that seeks to extend democracy into all spheres of life, has not been diminished; if anything, it has grown. We will need more than a technocratic pragmatism to solve the complex problems of today and those that have already begun to appear on the horizon. We need a philosophy that is thoroughly grounded in democratic values. I am convinced that social democracy, though certainly capable of enrichment, refinement, and further development, is such a philosophy. The concerns of social democracy—how to achieve more security, more welfare, more justice, more freedom, and more participation in economic decisions—are as relevant as ever.

BAYARD RUSTIN, president of the *A. Philip Randolph Institute* and national chairman of *Social Democrats, USA*, is the author of *Strategies for Freedom: The Changing Pattern of Black Protest*.

Carl Gershman: What troubles me about the trend described in the **COMMENTARY** questions is that too many people seem willing to give up too much too quickly. I am referring specifically to a tendency to reject social democracy or to deny its very existence. If the world is divided between capitalism (meaning democracy) and socialism (meaning totalitarianism), what place can there be for social democracy? It is viewed as either indistinct from capitalism (Michael Novak and other "democratic capitalists" have taken this view, along with countless

Left socialists and Communists), or as tending ineluctably toward totalitarianism (Irving Kristol is a leading proponent of this view). Poor social democracy. It is damned for being capitalist and socialist, democratic and totalitarian, and it is not even granted the courtesy of having its existence recognized.

Not all intellectuals have been so quick to damn or deny social democracy. Jean-François Revel, responding to the Left socialist "excommunication" of social democracy, has described it as "a political-economic system that has rather effectively reconciled socialism, freedom, and self-government; that has substantial achievements in both the economy and social justice to its credit; a system that offers the added advantage of existing." Raymond Aron has written that all Western European societies and their institutions

will probably develop in the direction of a certain type of socialism (in the broad, vague sense of the term). This, reduced to a minimum imposed by political democracy, involves: state intervention to ensure an overall balance, to manage the business cycle, and minimize the impact on particular social groups of unexpected fluctuations; social legislation guaranteeing fundamental rights, especially in the fields of education and health; a direct, progressive (not proportional) system of taxation; and a more-or-less extensive public sector. . . .

The social-democratic system described by Revel and Aron is not totalitarian. It is anti-totalitarian. And it is not capitalist, though it includes capitalism within it. The relationship of capitalism to social democracy is similar to that of a motor to a car. The motor generates the power, but it does not determine where the car will go. "The capitalist system of production," Revel has written, is "socially neutral. Its calling is *purely economic*" (emphasis added). It is concerned with "production, profit, and investment," but as a "purely economic system has no social purpose." Social democracy provides it with a social purpose by using the wealth produced by capitalism to advance social goals.

The social-democratic state, in countries such as Sweden and West Germany, has encouraged investment and economic growth through tax policies that make it possible for efficient private firms to survive and prosper; and it has tried to maintain production and employment during economic slowdowns with counter-cyclical policies that stimulate investment and the accumulation of inventories. The social-democratic state has "appropriated" a sufficient part of the wealth generated by the economic system to provide extensive benefits for the citizenry, taking care to leave enough of the surplus for reinvestment so that industry can remain productive. If too much of the surplus is diverted to the welfare state, industry declines and eventually there is not enough wealth produced to provide "welfare." This is

what happened in Britain (a case, as Aron points out, of social democracy "wrongly understood"), but the system is now in the process of being brought back into balance by a social-democratic government.

THE policies described above have been adopted in one way or another by all the social-democratic parties of Europe. (They have also been extensively applied in this country in the name of liberalism.) The French party has taken a different view, but only because "the hard facts of electoral arithmetic," in Aron's words, forced an alliance (now highly tentative) with the Communists. In a word, the social-democratic pragmatism of Eduard Bernstein has triumphed over the utopianism and dogmatism of his "socialist" opponents.

Leszek Kolakowski recently offered a helpful definition of socialism: it is not "a state of perfection but rather a movement trying to satisfy demands for equality, freedom, and efficiency, a movement that is worth the trouble only as far as it is aware not only of the complexity of problems hidden in each of these values separately, but also of the fact that they limit each other and can be implemented only through compromises." Critics to the Right and Left of social democracy will charge that this is not really socialism. But to turn around a phrase of Irving Kristol's (who was equating socialism with totalitarianism), "Socialism is what socialism does." Perhaps we can agree to call the phenomenon social democracy, a term which clearly conveys the spirit of democratic reform that guides modern democratic socialism.

Significantly, the left-socialist and capitalist opponents of social democracy have no alternative to offer to it. Some Left socialists propose worker management of industry as an alternative. But industrial democracy has already been introduced to a large extent (and in different forms) by social democrats and trade unionists, and its future application will be determined according to the desires of workers and the needs of society. Left socialists have little use for the market system based upon the price mechanism. But so far no one has indicated an alternative to this that does not involve centralized command planning where all decisions are made by an omnipotent bureaucracy—a system that is demonstrably undemocratic and inefficient. The capitalist opponents of social democracy resist all social-democratic reforms, but generally speaking, they do nothing when they are in power to roll back these reforms. They seem to know that the repeal of the welfare state would be neither feasible nor politically popular.

SOCIAL DEMOCRACY has proven its ability to manage Western economy and society, and I think it will even weather the current economic storm. If it is in crisis today, as I think it is, the reasons have more to do with politics than with social and economic policy. The main challenge facing social

democracy is whether it can provide leadership for the democratic world in the political and ideological rivalry with Communism. Its response to this challenge has been inadequate, owing largely to the continuing division and political weakness of Europe, where social democracy is based, and to the deteriorating balance of power which has strengthened tendencies toward neutralism within social democracy.

It hardly follows from this, though, that one must look to the anti-social-democratic advocates of capitalism for a revival of democratic political will. What must be remembered about capitalism is that, in Revel's words, it is "a purely economic system" that is simply incapable of engaging in sustained political and ideological struggle. Joseph Schumpeter applauded the economic achievements of the capitalist class but accurately perceived that it was "politically helpless and unable not only to lead its nation but even to take care of its particular class interest." The bourgeois, he wrote, may be "a genius in the business office," but he is "utterly unable outside of it to say boo to a goose—both in the drawing room and on the platform." Schumpeter even foresaw, as the final irony, that the bourgeois, whatever his convictions, would sell his valuable wares to the Russian totalitarians. "This is the way the bourgeois mind works," he wrote, "—always will work even in sight of the hangman's rope." Perhaps Schumpeter had read the famous memorandum wherein Lenin had predicted that the capitalists would "open up credits for us, which will serve us for the purpose of supporting Communist parties in their countries. They will supply us with the materials and technology which we lack and will restore our military industry, which we need for our future victorious attacks upon our suppliers. In other words, they will work hard in order to prepare their own suicide."

No wonder there is today a mood of defeatism in the ranks of Western conservatives who have nothing to throw into the political battle against Communists schooled in Leninist tactics and the art of "ideological struggle." Indeed, how can they be expected to throw up an adequate defense, let alone launch a counteroffensive, when the class to which they have pledged their loyalty determines its attitude toward Communism by the same yardstick that it judges everything else: profitability? And on this basis it is quite willing to collude with the devil.

This is why the Communists have always believed that they can coexist with and use capitalism, even as they look toward the moment when they will ultimately defeat it. At the same time, they have never for a moment doubted that social democracy is a mortal enemy. Communists may often seek tactical alliances with socialists—and socialists may sometimes acquiesce out of weakness, illusion, or for tactical reasons—but the rivalry persists between political parties, in trade unions, among intellectuals, and at the level of

ideology where there can never be a compromise between social democracy and totalitarianism.

VIEWING the world contest as a struggle between capitalism and socialism is self-defeating in that it assigns capitalism a political task it cannot fulfill. (Just defining the struggle in these terms involves a crucial political concession to the totalitarians, who should not be allowed to lay claim to *any* aspect, socialist or non-socialist, of the Western humanitarian tradition.) It is also inaccurate, for it assumes that the struggle is economic when it is really a political contest between democracy and totalitarianism. The West has already decisively won the economic rivalry with the Communist world. By any criterion—economic growth, technological advancement, worker productivity—the closed, oppressive societies of the East are no match for the dynamic societies of the West. But the basic question, posed by Aron, remains: do these criteria “determine the destiny of states? Does not *virtu*, in Machiavelli’s sense of the term, still consist in the capacity for collective action and historic vitality, and do not these qualities remain the ultimate cause of the fortune of nations, of their ascent and their fall? Suddenly, the perspectives are transformed, overturned.”

The trend in the West is toward greater democracy, and the future lies with movements for democratic reform. It is therefore to these movements that we must look for a revival of the democratic political will. Only out of the genuine motivation to reform, improve, and strengthen democratic society can there emerge that political will to defend it and to apply democratic values internationally. This revival will not occur unless social democracy (defined broadly as the fundamental movement for democratic reform) is guided by the view that Communism, not capitalism, is the main obstacle. It will be less likely to occur if the defenders of capitalism persist in portraying social democracy as totalitarianism’s unconscious agent. It is, rather, the conscious agent of democracy—not its enemy, but its main hope.

CARL GERSHMAN is executive director of Social Democrats, USA.

Penn Kemble: Is there an “inescapable connection between capitalism and democracy”?

Today many social democrats would agree that certain freedoms of the marketplace and of entrepreneurship should be accepted as valuable elements of a democratic society. But to acknowledge a place for these particular kinds of freedom is a far cry from granting that democracy grows directly, inevitably, and exclusively out of capitalism.

In the United States and Western Europe, the scope and authority of capitalist economic institutions have been checked significantly in recent decades, while the size and importance of the public sector have grown. But there is no evidence that as a result of this changing balance the peoples of these societies have suffered any loss of rights or liberties. On the contrary, their liberties have flourished—in some cases, like the green bay tree.

Has *capitalism* been immune to the “totalitarian temptation”? Surely not. In Germany, aid from the proprietors of heavy industry—Krupp, Thyssen, Kirdorff—was essential to the eventual success of the Nazis. As World War II came to a close, capitalists and American statesmen with sterling capitalist credentials were so carried along by the spirit of the Popular Front and Russo-American wartime cooperation that they gave way to highly optimistic hopes about postwar Soviet intentions. American troops stopped at the west bank of the Elbe, and further concessions were yielded at Yalta and Potsdam.

A similar tendency appeared in the last Republican administration. Its policy of détente was perhaps the most politically damaging concession to the “totalitarian temptation” by the leaders of the democratic world since the days of the Popular Front. It gave the highest American sanction to the belief that the cold war might be ended through one-sided concessions by the democracies, and to the notion that the Soviet Union could be a responsible partner for peace. (One need not excuse Western European socialists to point out that the inclination of some of them today toward electoral cooperation with Communists owes something to this recent American diplomatic example.)

The Republican policy of détente had support from several quarters, but those whose support was decisive were not socialists, but capitalists, whose eagerness to share in the exploitation of the workers, markets, and raw materials of the Soviet bloc opened the way for a momentous shift in international politics. This same business constituency fights against the Jackson Amendment, and is the chief influence at work when such Republican leaders as former President Ford, Senate Minority Leader Baker, and House Minority Leader Rhodes belittle the Carter administration’s cautious criticisms of Soviet human-rights abuses. This is the constituency represented by the delegations of American widget makers at the old Havana Hilton, toasting Castro while gasping on their Upmann Churchills.

From such evidence as this, one can argue that there is something intrinsic to capitalism rather than to socialism that exposes it to the “totalitarian temptation.” A capitalist is for the free market up to a point—the point at which he discovers some method for bringing the market under control in order to enhance his own position. The same general rule applies to his concern for the

sitation of the "free world." He may be a staunch cold warrior, but when his company is offered a grain-export contract, a Siberian natural-gas concession, or a bid on its new model computer, in all likelihood he will experience a "conceptual breakthrough." Suddenly he will realize that trade is the cornerstone of peace, and that support for Soviet dissidents and a concern for our military "sufficiency" cannot be allowed to interfere with the higher purposes of commerce. Such is the view of the American Committee on U.S.-Soviet Relations, whose sponsors include Donald Kendall, Chairman, Pepsico; George Prill, President, Lockheed International; Thomas Watson, Jr., of IBM; and, inevitably, Professor Fred Warner Neal.

The impulse of capitalists to flout their own long-term class interests in the pursuit of immediate profits is but one of their vulnerabilities to the "totalitarian temptation." The others are more subtle, but in the long run perhaps more influential. One is the tendency of capitalism, through its emphasis on "value-free" rationalist education, to create an intellectual class that is disposed to turn against not only capitalism, but against all democratic culture, with loathing and ridicule. Joseph Schumpeter's elegiac study of capitalism, from which the title of this symposium is taken, spoke of:

The extent to which the bourgeoisie, besides educating its own enemies, allows itself to be educated by them. It absorbs the slogans of current radicalism, and seems quite willing to undergo a process of conversion to a creed hostile to its very existence.

Daniel Bell has developed another of Schumpeter's insights into an equally powerful thesis. By the mid-1960's, Bell argues, capitalism had created a cultural milieu which was hostile to the values which are necessary to a productive capitalist economy:

American capitalism . . . has lost its traditional legitimacy which was based on a moral system of reward, rooted in the Protestant sanctification of work. It has substituted in its place a hedonism which promises a material ease and luxury. . . .

In sum, there are strong grounds for arguing that capitalism, not socialism, created both Tom Hayden and Timothy Leary: two figures who embody certain of our chief difficulties in meeting the "totalitarian temptation."

Is THERE "something intrinsic to socialism which exposes it ineluctably to the 'totalitarian temptation' "? Exposes, yes; causes it inevitably to yield, no.

Like every other political current of our times, socialism is vulnerable. The socialist fathers took democracy too much for granted. They scorned the utopians' "blueprints" for a socialist society out of the belief that such a society would have to

be created by the living actors of socialist reconstruction, but their romantic faith in spontaneity left their tradition poorly defended against the engineers of the Gulag Archipelago. They acknowledged the great advance embodied in the capitalist mode of industrial production, but underestimated the momentous gain for civilization embodied in "bourgeois democracy." They indulged themselves in some dangerous rhetoric—the "dictatorship of the proletariat"—which not even the most painstaking exegesis has convincingly explained away. This inattention to democracy left the socialist movement ill-equipped to understand the totalitarian nature of the Soviet state. Was it not anti-capitalist? Was industry not nationalized? Was there not a planned economy? Yes—but the question of who owned the state, and for whom and for what the economy was planned, did not thrust itself strongly enough upon the socialist mind.

To concede this is not to acknowledge that the Soviet barracks state is the inevitable product of the Marxian tradition; it is only to concede that the socialist tradition is vulnerable to Marxist-Leninist sophistries. The Soviet state, it should be recalled, was brought into being by a bloody revolution against a government in which socialists participated. That Communists have imprisoned or destroyed socialists whenever it has been within their means is familiar history, but its significance is not widely appreciated, either by socialists or by others. The late Max Schachtman developed the idea that the Stalinist terror was neither the Jacobin phase of a socialist revolution—a traumatic cleansing of the old order which would precede an era of progress—nor the bloody "excess" of a demented dictator. It was something far more meaningful: the rise to power of a new bureaucratic class through the extermination of what remained of its socialist, working-class, and democratic heritage. In this way the Stalinists, the supreme realists of our time, have given their brutal opinion of the proposition that socialists can ineluctably be tempted into Communism.

Socialists cannot claim to be blameless for the rise of Soviet totalitarianism, or for its strength today. But, as Alexander Solzhenitsyn told the AFL-CIO:

For all these fifty years, we see continuous and steady support by the businessmen of the West for the Soviet Communist leaders. The clumsy and awkward Soviet economy, which could never cope with its difficulties on its own, is continually getting material and technological assistance. The major construction projects in the initial five-year plan were built exclusively with American technology and materials. Even Stalin recognized that two-thirds of what was needed was obtained from the West. And if today the Soviet Union has powerful military and police forces—in a country which is poor by contemporary standards—forces which are used to crush our movement for freedom in the So-

viet Union—we have Western capital to thank for this as well.

Despite all this, Communists still employ a rhetoric pirated from the socialist tradition. This deserves the same contempt that should be shown toward their fraudulent use of the rhetoric of peace, or the human-rights proclamations of the Soviet constitution. Is there any conceivable way in which a Communist state can be said to represent a government of the working class? Yet those who scoff at most Communist duplicities often overlook this one, and in so doing make their own important concession to the "totalitarian temptation."

The appeal of Communist ideas is still felt in some quarters of the socialist world, and in some it succeeds. But in others it is resisted, and in still others it is combatively rejected. The Portuguese socialists, aided by some Western European socialist parties, turned back the Communist challenge in Portugal—the gravest challenge to the security of the European democracies in more than a decade. (It has been reported that the American Secretary of State in the administration of the party of business grumbled about the futility of these socialist efforts.) The social-democratic governments in West Germany, the Netherlands, and Britain have been responsible supporters of NATO—far more so than their more conservative counterparts in France and Italy. The Israeli Labor party shows few pro-Communist inclinations. Our own American social-democratic movement, despite wounds from without and within, has been the only American political organization on the liberal Left to hold out for a decade and a half against the assaults of the revisionists. Nor, it might be added, is it a mere aberration that the author of the phrase, the "totalitarian temptation"—Jean-François Revel—is himself an unabashed socialist.

WHAT might account for a revival of these charges against democratic socialism, and a celebration of the democratic properties of capitalism? It seems likely that some pro-democratic intellectuals, in panic over the weakness of democracy, have grasped at what appears to be a simple, sturdy ideology with which to mount a defense. They look to capitalism for a "materialist" foundation for democracy that can be set against the materialism professed by their adversaries.

This imitation is partly born of fear, and in part represents a strain of economic determinism that is an American habit of thought. (Lionel Trilling has written of "the chronic American belief that there exists an opposition between reality and mind, and that one must enlist oneself in the party of reality.") It is suggested that the "totalitarian temptation" can best be resisted by purifying the economic substructure that underlies our politics and ideas: provide the right economic soil,

and a host of democratic myrmidons will spring up to protect us.

This is the sheerest fantasy. While there may be some complaints today against "big government," there is not going to be any return to the petit-bourgeois utopia of the Hayeks and Friedmans. The capitalists themselves do not want any such thing. Both capitalists and social democrats today are wedded to a mixed economy—our differences are over the nature of the mix, and the goals and interests that such a mix should serve.

But even if our economic clocks could be turned back to the Gilded Age, and even if a generation of rugged business leaders were to arise in consequence, such a change in our economic life would be of little use in meeting our international challenge. The "totalitarian temptation" is not something that creeps out of the economic woodwork—it inhabits the realms of mind, the realms of politics, culture, intellect, and morality. Both fascism and Communism always have reached first for political power and have then sought to use this political power to reshape the economic order. For them, as Sidney Hook has argued, politics determines economics: totalitarianism is indeed a "triumph of the will."

If democracy must be defended on the field of politics, the ideas described by COMMENTARY can only be harmful. They turn the confrontation between democracy and totalitarianism into a conflict between capitalism and socialism. They make the main issue economics, not human rights. They invite us back to that period in American public life when it was thought that anti-Communism was the property of conservatives, and that liberalism required one to accept the American version of the slogan "*pas d'ennemis à gauche.*" That experience does not deserve to be repeated—in no small part because of the difficulty it has imposed on the most effective leaders of the resistance to the "totalitarian temptation": liberals like Henry M. Jackson, George Meany, and Daniel P. Moynihan.

If it is repeated, much harm will be done to our discussions of domestic economic issues as well as to our posture in international politics. The Keynesian era provided a pause in the great debate between pro-capitalist and pro-socialist economists, but today there is again the need and the possibility of resuming this debate within the democratic family. That can be done constructively only when we can agree that the "totalitarian temptation" comes from without, that we are all vulnerable to it—and that we must unite to resist it.

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